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# HERSHEY CHOCOLATE COMPANY

AND

SUBSIDIARY COMPANIES

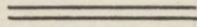
## CONSOLIDATED BALANCE SHEET

December 31st, 1926

AND

## INCOME STATEMENT

For the 12 Months Ending December 31st, 1926



## COMPARATIVE BALANCE SHEET

OF

## HERSHEY CHOCOLATE COMPANY

December 31st, 1926



# HERSHEY CHOCOLATE COMPANY AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET—DECEMBER 31, 1926

### ASSETS

#### Current Assets:

|  |                        |
|--|------------------------|
| Cash .....   | \$ 395,954.12          |
| Customers' Accounts Receivable (Net) .....           | 3,241,332.21           |
| Merchandise Inventories .....                        | 7,591,003.32           |
| Prepaid Insurance, Interest and Taxes .....          | 74,814.94              |
| Sugar Crop 1927 Advances and Other Prepayments ..... | 3,595,791.04           |
|  | <u>\$14,898,895.63</u> |

#### Fixed Assets:

|                                   |                        |
|-----------------------------------|------------------------|
| Land and Buildings .....          | \$20,479,509.61        |
| Machinery and Equipment .....     | 16,336,751.36          |
| Public Service Construction ..... | 12,711,252.86          |
| Public Service Equipment .....    | 3,295,152.51           |
|                                   | <u>\$52,822,666.34</u> |
| Less Depreciation Reserve .....   | 13,523,506.09          |
| Net Investment in Plant .....     | <u>\$39,299,160.25</u> |

|                                 |              |
|---------------------------------|--------------|
| Miscellaneous Investments ..... | 1,436,307.39 |
|---------------------------------|--------------|

#### Good Will, Trade Marks, etc.:

|   |              |
|---|--------------|
| (Of which \$5,911,614.10 represents amount paid for stock of subsidiaries in excess of their book value at date of acquisition) ..... | 6,314,128.46 |
|---|--------------|

|   |              |
|---|--------------|
| Deferred Charges, Unamortized Bond Discount ..... | 1,074,588.36 |
|---|--------------|

|                           |                               |
|---------------------------|-------------------------------|
| <b>TOTAL ASSETS</b> ..... | <u><u>\$63,023,080.09</u></u> |
|---------------------------|-------------------------------|

### LIABILITIES

#### Current Liabilities:

|   |                        |
|---|------------------------|
| Notes Payable .....                             | \$ 214,911.56          |
| Accounts Payable .....                          | 1,517,012.76           |
| Federal Taxes .....                             | 536,537.89             |
| Accrued Wages, Interest, Other Taxes, etc. .... | 1,124,409.04           |
|   | <u>\$ 3,392,871.25</u> |

|   |               |
|---|---------------|
| First Mortgage and Collateral Trust Sinking Fund 5½% Gold Bonds .....                       | 18,002,000.00 |
| Serial 5% Gold Notes .....  | 3,000,000.00  |
| Cuban Censos .....  | 143,051.91    |
| Real Estate Mortgages of former owners of Cuban property with future fixed maturities ..... | 375,000.00    |
| Minority Capital Stock .....  | 5,000.00      |
| Preferred Capital Stock .....   | 1,974,200.00  |
| Common Capital Stock .....  | 15,000,000.00 |
| Surplus .....   | 21,130,956.93 |

|                                |                               |
|--------------------------------|-------------------------------|
| <b>TOTAL LIABILITIES</b> ..... | <u><u>\$63,023,080.09</u></u> |
|--------------------------------|-------------------------------|



# HERSHEY CHOCOLATE COMPANY

## AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF INCOME AND PROFIT AND LOSS

FOR THE TWELVE MONTHS ENDING DECEMBER 31, 1926

|  |                               |
|--|-------------------------------|
| Sales .....  | \$42,337,051.47               |
| Cost of Goods Sold .....                                   | 32,083,253.20                 |
| Gross Profit .....   | <u>\$10,253,798.27</u>        |
| Shipping and Selling Expenses .....                        | \$ 3,279,266.68               |
| General and Administrative Expenses .....                  | 1,415,223.16                  |
| Total Expenses .....                                       | <u>\$ 4,694,489.84</u>        |
| Net Profit .....   | <u>\$ 5,559,308.43</u>        |
| Other Income:  |                               |
| Cash Discounts Taken .....                                 | \$ 100,638.63                 |
| Interest on Notes Receivable, etc. ....                    | 26,471.81                     |
| Other Income .....   | 48,959.27                     |
| Total Other Income .....                                   | <u>\$ 176,069.71</u>          |
| Gross Income .....   | <u>\$ 5,735,378.14</u>        |
| Deductions from Income:                                    |                               |
| Interest on Funded Debt .....                              | \$ 1,218,551.67               |
| Interest on Notes and Bank Loans .....                     | 112,861.04                    |
| Federal Taxes .....  | 536,537.89                    |
| Amortization of Bond Discount .....                        | 181,037.38                    |
| Total Deductions from Income .....                         | <u>\$ 2,048,987.98</u>        |
| Net Income .....   | 3,686,390.16                  |
| Dividends Paid .....                                       | 907,959.11                    |
| Balance .....  | <u>\$ 2,778,431.05</u>        |
| Add:   |                               |
| Profit and Loss Credits .....                              | 4,395.77                      |
| Total .....  | <u>\$ 2,782,826.82</u>        |
| Deduct:  |                               |
| Profit and Loss Debits:                                    |                               |
| Cuban Losses--Cyclone Damage, Colonos Reserve, etc. ....   | \$ 1,231,579.23               |
| Loss on Property Dismantled or Sold .....                  | 125,550.61                    |
| Adjustment of Taxes, etc., Prior Fiscal Periods, etc. .... | 100,269.27                    |
| Total Profit and Loss Debits .....                         | <u>\$ 1,457,399.11</u>        |
| Surplus for the Period .....                               | <u>\$ 1,325,427.71</u>        |
| Surplus Beginning of Period .....                          | 19,805,529.22                 |
| Surplus End of Period .....                                | <u><u>\$21,130,956.93</u></u> |

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# HERSHEY CHOCOLATE COMPANY

## COMPARATIVE BALANCE SHEET—DECEMBER 31, 1926

| ASSETS   |                        |                        |                        |
|--|------------------------|------------------------|------------------------|
|  | December<br>31, 1926   | December<br>31, 1925   | Increase<br>Decrease   |
| <b>Fixed Assets:</b>   |                        |                        |                        |
| Real Estate—Land and Buildings .....   | \$ 9,532,206.71        | \$ 9,074,123.03        | \$ 458,083.68          |
| Machinery, Equipment and Fixtures .....  | 7,663,985.73           | 6,875,730.24           | 788,255.49             |
| <b>Total Fixed Assets .....</b>  | <b>\$17,196,192.44</b> | <b>\$15,949,853.27</b> | <b>\$ 1,246,339.17</b> |
| <b>Investments, Securities and Intercompany Accounts .....</b>                           | <b>\$46,039,159.32</b> | <b>\$44,825,554.87</b> | <b>\$ 1,213,604.45</b> |
| <b>Miscellaneous Investments .....</b>   | <b>\$ 1,397,953.05</b> | <b>\$ 1,388,776.18</b> | <b>\$ 9,176.87</b>     |
| <b>Treasury Bonds held for Sinking Fund Requirements .....</b>                           |                        | <b>\$ 788,500.00</b>   | <b>\$ 788,500.00</b>   |
| <b>Current Assets:</b>   |                        |                        |                        |
| Cash .....   | \$ 349,250.19          | \$ 1,755,637.03        | \$ 1,406,386.84        |
| Accounts Receivable (Net) .....  | 2,488,081.62           | 1,154,960.50           | 1,333,121.12           |
| Merchandise Inventories .....  | 4,805,246.36           | 5,148,731.51           | 343,485.15             |
| Prepayments a/c Purchases .....  | 25,593.95              | 36,031.91              | 10,437.96              |
| <b>Total Current Assets .....</b>  | <b>\$ 7,668,172.12</b> | <b>\$ 8,095,360.95</b> | <b>\$ 427,188.83</b>   |
| <b>Deferred Charges .....</b>  | <b>\$ 1,087,255.36</b> | <b>\$ 1,310,246.10</b> | <b>\$ 222,990.74</b>   |
| <b>Good Will, Trade Marks, etc .....</b>   | <b>\$ 336,454.30</b>   | <b>\$ 336,454.30</b>   |                        |
| <b>TOTAL ASSETS .....</b>  | <b>\$73,725,186.59</b> | <b>\$72,694,745.67</b> | <b>\$ 1,030,440.92</b> |
| LIABILITIES  |                        |                        |                        |
| <b>Capital Stock:</b>  |                        |                        |                        |
| Preferred .....  | \$ 1,974,200.00        | \$ 1,974,200.00        |                        |
| Common .....   | 15,000,000.00          | 15,000,000.00          |                        |
| <b>Total Capital Stock .....</b>   | <b>\$16,974,200.00</b> | <b>\$16,974,200.00</b> |                        |
| <b>First Mortgage and Coll. Trust Sinking Fund 5½% Gold Bonds ...</b>                    | <b>\$18,001,500.00</b> | <b>\$19,334,000.00</b> | <b>\$ 1,332,500.00</b> |
| <b>Serial 5% Gold Notes .....</b>  | <b>\$ 3,000,000.00</b> | <b>\$ 4,000,000.00</b> | <b>\$ 1,000,000.00</b> |
| <b>Current Liabilities:</b>  |                        |                        |                        |
| Notes Payable .....  |                        | \$ 54,872.73           | \$ 54,872.73           |
| Accounts Payable .....   | \$ 1,159,708.68        | \$ 773,870.43          | 385,838.25             |
| Accrued Taxes .....  | 710,153.63             | 612,235.13             | 97,918.50              |
| Accrued Income and Excess Profits Taxes .....  | 536,537.89             | 292,766.94             | 243,770.95             |
| Accrued Wages, Interest, etc .....   | 91,820.96              | 8,333.33               | 83,487.63              |
| <b>Total Current Liabilities .....</b>   | <b>\$ 2,498,221.16</b> | <b>\$ 1,742,078.56</b> | <b>\$ 756,142.60</b>   |
| <b>Intercompany Accounts—Credits .....</b>   | <b>\$ 549,635.72</b>   | <b>\$ 1,495,007.26</b> | <b>\$ 945,371.54</b>   |
| <b>Reserve for Depreciation .....</b>  | <b>\$ 6,321,091.92</b> | <b>\$ 5,694,226.92</b> | <b>\$ 626,865.00</b>   |
| <b>Surplus:</b>  |                        |                        |                        |
| Balance Beginning of Period .....  | \$23,455,232.93        | \$21,606,098.97        |                        |
| Profit for Year .....  | 3,651,372.87           | \$ 3,659,884.07        |                        |
| Income from Subsidiaries .....   | 452,296.28             |                        |                        |
| <b>Gross Total .....</b>   | <b>\$27,558,902.08</b> | <b>\$25,265,983.04</b> |                        |
| Dividends Paid .....   | 907,959.11             | 153,274.45             |                        |
| <b>Balance .....</b>   | <b>\$26,650,942.97</b> | <b>\$25,112,708.59</b> |                        |
| <b>Deduct:</b>   |                        |                        |                        |
| Expenses a/c Refinancing .....   |                        | \$ 1,104,517.96        |                        |
| Additional Assessments and Accruals of U. S. Income and Penna.<br>State Taxes, etc. .... | \$ 54,760.53           | 21,210.49              |                        |
| Construction of Schools .....  | 186,716.07             | 484,322.78             |                        |
| Loss on Property Dismantled and Sold .....   | 28,928.58              | 47,424.43              |                        |
| <b>Total Deductions .....</b>  | <b>\$ 270,405.18</b>   | <b>\$ 1,657,475.66</b> |                        |
| <b>Surplus End of Period .....</b>   | <b>\$26,380,537.79</b> | <b>\$23,455,232.93</b> | <b>\$ 2,925,304.86</b> |
| <b>TOTAL LIABILITIES .....</b>   | <b>\$73,725,186.59</b> | <b>\$72,694,745.67</b> | <b>\$ 1,030,440.92</b> |